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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 15-80

WASHINGTON, Aug. 27--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The ARGENTINE GRAIN BOARD has announced plans to tender about 400,000 to 500,000 tons of old crop wheat (harvested November 1979-January 1980) currently held in Grain Board storage. The Board will tender this amount for September-November shipment to reduce its stocks to a more normal level of about 500,000 tons before the start of the next harvest. Argentine wheat exports during 1979/80 (Dec.-Nov.) are currently estimated at 4.3 million tons--about the same as during 1978/79.

China may purchase a large portion of the tendered wheat. Argentina has a flexible three-year understanding (1979-81) with China for the sale of up to 1 million tons of wheat and corn annually. During the current year, China has purchased approximately 500,000 tons of wheat. This is about average for the past few years, but considerably below the 1979 level.

In GREECE, recent developments have indicated a definite shift in export policy for wheat. Traditionally, wheat exports have been in the form of wheat flour and semolina, but because of recent government encouragement to export 350,000 tons of wheat as grain, this pattern appears to be changing. The policy modification may be linked to the expected record wheat crop this year of 2.9 million tons, somewhat above the 1979 outturn of approximately 2.4 million tons. Total wheat exports are forecast at 1.1 million tons, compared with last year's level of 592,000 tons.

POLAND'S labor unrest is exacerbating an already bad situation in the feed/livestock/food complex of that country. Although it is too early to determine what effect this unrest may have on U.S. agricultural trade with Poland, there are already indications of some disruption.

Western press sources report that the Baltic port strikes are causing a serious backlog of ships waiting to unload. Among the agricultural products reportedly affected are cotton, oilseeds and meal and grain. Since Poland was considered to be importing at capacity levels before the labor disturbances, any delay in handling may reduce the level of total agricultural imports--of which the United States supplies a large share.

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In a separate development, the International Longshoremen's Association has stated that it would boycott U.S. shipments to and from Poland out of solidarity with the Polish workers.

Current estimates place the 1980 Polish grain crop at 19.5 to 20.5 million tons, considerably below the estimate of 20.5 to 21.6 million tons at the end of July. The current estimate would still be well above the very poor 1979 crop of 17.3 million tons, but well below the target of more than 23 million tons. More potentially harmful to Poland's livestock sector are reports of a failing 1980 potato crop, now expected to be about 20 percent below the 1979 output. Potatoes are still a very important fodder in Poland, especially in hog raising. Beets, another important fodder, also are reportedly in poor condition. In addition, the quality of the first hay crop was extremely poor because of the continuous rainfall during haymaking. The full cooperation of labor in the socialized farm sector probably will be needed this fall to harvest the storm- and flood-damaged crops.

DAIRY, LIVESTOCK & POULTRY

The EUROPEAN COMMUNITY (EC) Commission asked the EC Council on July 22 to reconsider its decision on 1980 imports under the balance sheet of beef for processing. In order to determine the total quantity of beef to be imported under this scheme, the EC makes an estimate of the total deficit of manufacturing grade beef for the year.

The Council decided on Dec. 20, 1979, to limit imports to 50,000 tons (bone-in-basis) of manufacturing grade beef. This beef is imported under license at a nil or reduced rate of levy but subject to a 20 percent customs duty. The quota is divided equally into two parts: an A quota subject to nil levy for imports intended for the manufacture of preserved beef products containing a very high proportion of beef and jelly, as well as a minimum of 20 percent lean beef, and a B quota subject to a levy set at a maximum of 45 percent of the normal levy for imports of most other cooked manufactured beef products.

The Commission, under pressure from Australia to honor the understanding reached in the Multilateral Trade Negotiations concerning the annual estimate of balance sheet imports, will put forward its original proposal to the Council for a 60,000-ton quota on Sept. 29. Under the 1979 quota, which was fixed at 60,000 tons, the EC imported 30,000 tons under the A system and 26,300 tons under the B system.

Arrangements agreed to by the EC Council on July 22 for imports of New Zealand butter in 1980, scheduled to become effective Aug. 1, were postponed by France on July 29. The postponement was caused by a discrepancy between the written proposal for a levy of 51.37 European Currency Units (ECU) per 100 kgs. and EC Commission Vice President Gundelach's explanation of the proposal in which he stated that the levy would be reduced to yield a return to New Zealand of 75 percent of the intervention price. On the latter basis, the levy would be in the range of 20 ECU per 100 kgs.

The Special Agriculture Committee will probably resolve this problem at its next meeting on Sept. 8. The Committee also will have further discussions on the proposal for long-term arrangements for New Zealand butter. France and Ireland are press-

ing for a permanent quota of 70,000 tons. The present proposal calls for special import arrangements for 97,500 tons in 1981 to be decreased by 2,500 tons per year until 1984 and remain at 90,000 tons thereafter.

In the UNITED KINGDOM, the maximum retail price of pasteurized milk rose a half-penny to 17 pence per Imperial pint (approximately \$2.70 per U.S. gallon) on Aug. 10. The price increase was deemed necessary by the U.K. Agriculture Minister because of increased costs of wages, production, processing and distribution. The U.K. retail price for milk has now risen 13.3 percent (2 pence per Imperial pint) so far this year. The milk price will be looked at again later this year, following completion of a study of milk distribution costs.

FRANCE has exported 110,000 tons of poultry meat during the first half of 1980, a 32-percent increase from a year earlier. Exports of chicken meat made up 104,369 tons of the total and were 33 percent above last year's level. Sales to the Middle East accounted for two-thirds of the exports, the USSR for 14 percent, and other EC countries only 5 percent of the total. This surge in French poultry meat exports is mainly the result of increased sales to the Middle East, which has taken over 70,000 tons during the first six months of 1980. Total calendar 1979 exports to this area amounted to 90,000 tons.

In JORDAN, the private sector has been granted permission to import unlimited quantities of frozen red meat. Until now, the Ministry of Supply has been virtually the exclusive importer of red meat. Re-exports of frozen meat will be permissible, provided it is sold via the Jordanian free trade zone. The Ministry will remain the sole importer of frozen chicken.

OILSEEDS & PRODUCTS

CANADIAN EXPORTS of rapeseed and flaxseed during the year ending July 31 were about unchanged from those in 1978/79, according to preliminary shipping statistics supplied by the U.S. agricultural counselor in Ottawa. The data are as follows in 1,000 tons:

	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>
Rapeseed	1017.9	1012.3	1720.3	1740.9
Flaxseed	324.5	250.4	493.5	448.6
Total:				
Soymeal equivalent	568.4	530.6	934.3	921.1
Oil equivalent	517.5	490.1	855.9	848.9

During the four-week period ending July 31, Canadian export shipments of rapeseed totaled 89,100 tons, compared with 107,100 tons and 71,300 tons in the comparable periods of 1978/79 and 1977/78. During the same four weeks, shipments of flaxseed totaled 22,800 tons, compared with 45,400 tons and 25,400 tons in the same weeks of 1978/79 and 1977/78.

According to the U.S. agricultural attache in Madrid, SPAIN'S imports of soybeans and meal during January-May 1980, with comparable 1979 comparisons, are as follows in 1,000 tons:

	<u>1979</u>	<u>1980</u>
<u>Soybeans</u>		
From U.S.	778.6	1325.0
Other countries	.1	4.5
Total	778.7	1329.5
<u>Soybean meal:</u>		
From U.S.	128.0	25.4
From other countries	20.1	1.7
Total	148.1	27.1
<u>Total (meal equivalent)</u>		
From U.S.	747.0	1078.8
From other countries	20.2	5.3
Total	767.2	1084.1

PERUVIAN FISHMEAL statistics, according to the U.S. agricultural attache in Lima, for October-June 1979/80, with comparisons for the same months in 1978/79 and 1979/80, were as follows in 1,000 tons:

	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>
Stocks Oct. 1	76.0	123.7	130.2
Production (Oct.-June)	485.9	683.6	467.2
Supply (Oct.-June)	561.9	807.3	597.4
Exports (Oct.-June)	331.9	514.1	324.9
Apparent consumption (Oct.-June)	73.8	65.0	48.1
Stock June 30	156.2	228.2	224.4

In terms of protein, the Peruvian decline in fishmeal output during the nine months ending June 30, 1980, exceeded 380,000 tons, soybean equivalent. Comparably, the decline in exports exceeded 340,000 tons, soybean equivalent.

FISH MEAL PRODUCTION for the major producer-exporter countries during January-May 1980 declined 18 percent, or 155,300 tons, from the same five months of 1979, according to information compiled by the Fish Meal Exporters Organization. During the same months, combined fish meal exports declined 17 percent or 96,500 tons. Combined fish meal stocks in the major producer-exporter countries on May 31 were estimated at 461,700 tons,

compared with 456,500 tons a month earlier and 623,600 tons a year earlier. The cumulative data for 1980, by country and by month, with 1979 comparable comparisons, are as follows in 1,000 tons:

	Jan-May 1979			Jan-May 1980		
	Prod.	Exports	Residual	Prod.	Exports	Residual
Chile	140.8	95.7	45.1	179.7	166.6	13.1
Peru 1/	339.5	270.1	69.4	197.4	97.6	99.8
Iceland	110.1	91.9	18.2	85.5	91.4	-5.9
Norway	159.3	113.4	45.9	146.8	114.8	32.0
South Africa	116.3	4.2	112.1	101.3	8.4	92.9
Total	866.0	575.3	290.7	710.7	478.8	231.9
<u>Monthly totals</u>						
January	81.8	87.9	-6.1	79.6	75.5	4.1
February	153.5	120.3	33.2	155.4	122.4	33.0
March	248.0	102.3	145.7	175.6	89.4	86.2
April	268.1	133.3	134.8	160.1	75.6	84.5
May	114.6	131.5	-16.9	140.0	115.9	24.1

1/ Includes data for private sector.

COTTON

In CHINA, a major cotton producing region in and around the Yangtze River Valley has received heavy rains. About half of China's cotton output is produced in this area in the two provinces of Hubei and Jiangsu. The extent of damage to the cotton crop is not yet known. Reportedly, some flooding of cropland occurred when rains of up to 200 mm fell in some areas. Also, there were reports of earthen dams breaking. The current Chinese cotton production estimate is 10.7 million bales.

Severe drought in COLOMBIA has had a significant effect on the 1980/81 Interior cotton crop. Recent reports indicate that production in that region may be limited to about 100,000 bales (480-lb net), compared with 186,000 bales in 1979/80. Tolima and Huila were the two major areas hit by the dry weather. The decreased production prospects will probably result in lower cotton exports. Colombia's 1980/81 Costa-Meta cotton crop currently is estimated at 385,000 bales, basically unchanged from 1979/80.

MISCELLANEOUS

The EC COMMISSION proposed to the EC Council on July 28 some changes in the food aid program. These include increased use of multi-year food aid programming, and

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up to 10 percent of the regular food aid program devoted to establishing an emergency food reserve stock to lessen recipients' dependence on timely import arrivals. In addition to the usual food aid shipments, which are predominantly grain, the proposal suggested that skimmed milk powder, butter oil and other food items be included, particularly sugar and vegetable oil. Also, with special purchase authorizations, the Commission proposed that meat, fish, baby foods and other commodities be included on a more regular basis.

NEW RELEASES OF FOREIGN AGRICULTURE CIRCULARS

World Grain Situation Outlook for 1980/81, FG 23-80

1979 Per Capita Meat Consumption Increased in Most Countries, FLM 5-80

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INTERNATIONAL WEATHER AND CROP SUMMARY, AUG. 18-24

EUROPE--In the grain harvest areas of northern Europe, the weather remained quite variable again last week. Much of the west had favorable harvest weather. Although parts of the east had above-normal rains, the pattern was such that for the most part areas which had been relatively dry during the previous week received rain. Thus, there has not been a return to the persistent wet pattern of July. Only in some eastern hilly areas has wet weather persisted so far in August. However, temperatures stayed below normal over most of the region, and conditions were not entirely favorable for grain harvesting or development of row crops.

USSR--Harvest weather improved in the Ukraine, but most central and southern portions had already completed the winter grain harvest. Continued above-normal rainfall hindered harvesting across the north. Heaviest rainfall occurred in the northwest, where harvest delays have been the greatest, and farmers will be hard-pressed to get next year's winter grain sown on time. Some above-normal rains in the eastern Ukraine probably benefited row crops, but cooler than normal conditions continued to limit growth. Spring grain harvesting in the upper Volga Valley was hindered by a second consecutive week of wet weather, but delays have not yet become serious.

In the New Lands, above-normal rainfall occurred in the northwest and extreme southeast, impairing harvest of spring grains. Other widespread areas across the south and east saw improved harvest weather as a mild "sukhovei" (hot, dry weather) briefly touched the southern fringes of the crop area.

CHINA--Wet weather continued in the Yangtze Valley, with most locations receiving three to four times normal rainfall. Cotton and rice should be nearly mature in this important growing area, and substantial losses may have been sustained from intense rainfall and widespread flooding. The rains spread northward into Henan and northern Anhui, but flooding should be minimized as a result of previously drier conditions. Drier weather returned to much of Hebei, with moisture still in short supply. Much of Heilongjiang received beneficial rainfall, where conditions were becoming too dry. These rains may help, although crops should be well along. In the extreme south, drier weather returned to the hills south of the Yangtze, which had been so wet the

previous week. Coastal areas to the west of Hong Kong were drenched with some excessive rainfall from a tropical system at the weekend; however, late rice may not yet have been in a susceptible stage in the growth cycle.

SOUTH ASIA--Rainfall decreased sharply in western Uttar Pradesh, and flood-waters should retreat somewhat. Above-normal rains continued to the east, however, prolonging the problem of excessive water in the lower Ganges Basin. This water should keep irrigation supplies up in Bangladesh, where many areas experienced a second consecutive week of only light rainfall. Upland areas across central India remained beneficially wet as above-normal rains continued. Dry weather persisted in southwestern Tamil Nadu and some interior portions of Karnataka, putting stress on cotton and ground-nuts.

SOUTHEAST ASIA--The summer monsoon continued to produce seasonal rainfall throughout Thailand. The northern rice crop benefited from nearly 100 mm of rain, while crops in the Central Plains received about 50 mm. In the proximity of Bangkok, weekly totals were somewhat less, generally around 35 mm, but ample moisture was available for crop growth. The abundant rain has helped alleviate the water supply problem caused by low reservoir levels at the beginning of the monsoon season. Additional moisture is still needed, however, to fill the reservoirs.

AUSTRALIA--Shower activity late in the week produced substantial amounts of rain (about 30 mm) in the important winter wheat area of New South Wales. The crop area in Victoria also received 10 to 25 mm of moisture. The rain was particularly beneficial in New South Wales, where dry conditions had prevailed recently. Other winter wheat areas of Australia received minimal weekly totals, but moisture is needed only in Queensland. Vigorous spring growth should begin in most areas within another month.

SOUTH AMERICA--Dry weather continued in Buenos Aires Province in Argentina. August rainfall has been minimal in Argentina's winter wheat area. In Brazil, light rain fell in the southern portion of Rio Grande do Sul State, but heavy showers produced weekly totals of 100 to 150 mm in the northern portion, as well as in Santa Catarina State. The heavy rain may have caused some fields to become waterlogged. Rainfall in Parana State ranged from 50 mm in the south to about 10 mm in the north.

MEXICO--Hot, dry weather returned to the northeastern citrus areas, but most orchards had sufficient soil moisture remaining from Hurricane Allen. The rainy season is quite active over the northwestern mountain watersheds, and irrigation supplies should be increasing significantly for many West Coast crops. Heavy rains of 80 mm in Torreon and Hermosillo cotton districts improved the soil moisture situation but may have hurt some of the early crop with open bolls. The principal corn production area in the southern plateau had very little rain this week in the northern portion, while the southern had about 50 mm.

CANADA--Weekly rainfall was well above average in Manitoba, with amounts ranging from 50 to 100 mm in the spring grain area west of Winnipeg. The cool, wet weather delayed ripening of spring grains and hampered harvesting activities in the eastern Prairies. However, the heavy rain helped replenish soil moisture reserves in that region. Elsewhere, showers in the northern areas of the grain belt slowed development as the crop approached maturation, while favorable weather aided ripening and harvesting of crops in southern Saskatchewan.



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PURCHASEMENT SECTION
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Asking prices in U.S. dollars for imported grain, soybeans and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Rotterdam Prices and E.C. Import Levies:

			Change from	
	Aug. 26, 1980		previous	a year
			week	ago
	\$/m.ton	\$/bu.	Cents/bu.	\$/m.ton
Wheat:				
Canadian No. 1 CWRS-12.5%	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%	208.00	5.66	-3	199.50
U.S. No. 2 DHW/HW:13.5%	208.00	5.66	0	204.00
U.S. No. 2 S.R.W.....	196.00	5.33	-3	192.00
U.S. No. 3 H.A.D.....	312.00	8.49	+24	223.00
Canadian No. 1 A: Durum....	1/	1/	1/	1/
Feedgrains:				
U.S. No. 3 Yellow Corn....	167.00	4.24	+7	137.50
U.S. No. 2 Sorghum 2/.....	179.00	4.55	+10	139.00
Feed Barley 3/.....	175.50	3.82	-1	168.00
Thailand Tapioca.....	180.70	--	-1.20 5/	--
Soybeans:				
U.S. No. 2 Yellow.....	308.25	8.39	+27	299.00
Argentine 4/.....	300.00	8.16	+29	293.50
U.S. 44% Soybean Meal (M.T.)	267.00	--	+12.00 5/	232.00
EC Import Levies				
Wheat 6/.....	106.35	2.89	-2	90.55
Barley.....	91.15	1.98	-6	106.30
Corn	97.95	2.49	+2	100.82
Sorghum.....	85.00	2.16	-15	80.60

1/ Not available. 2/ Optional delivery: U.S. or Argentine Granifero Sorghum. 3/ Optional delivery: U.S. or Canadian Feed Barley 4/ Optional delivery: Brazil Yellow 5/ Dollars per metric ton. 6/ Durum wheat has separate levy. NOTE: Basis Sept. delivery.